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COMMUNICATION DE LA COMMISSION AU CONSEIL

sur les relations entre la Communauté et les pays de l'AELE

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COMMISSION COMMUNICATION TO THE COUNCIL
ON
RELATIONS BETWEEN THE COMMUNITY AND THE EFTA
COUNTRIES

1. At the end of the Vienna Conference, held on 13 May 1977, the Heads of State or Governments of the EFTA countries who attended the Conference issued a Declaration in which they expressed their desire to safeguard what had been achieved under the free trade Agreements, to extend their scope and to develop cooperation with the European Community outside the fields covered by the Agreements.
2. In a letter sent on 21 June 1977 to the Austrian Chancellor, M. Kreisky, by Mr David Owen, who was then President of the Council of the European Communities, it was stated that the Community considered the free trade Agreements to be functioning satisfactorily.
3. Cooperation between the Community and the EFTA countries has developed through the exchange of information and through the conclusion of agreements between the Community and individual EFTA countries.

This cooperation, which has been informal and pragmatic in the first instance but more formal in the second, has produced excellent results.

4. Cooperation will henceforth be set against a background of inescapable economic interdependence and a shared interest in preventing the intensification of the protectionist tendencies brought into being by stagnation of growth and very high unemployment being experienced in most European countries.

Moreover, the prospect of further enlargement of the Community means that trade flows in Europe will have to be adapted. As far as industrial products are concerned, enlargement will extend free movement of goods to the whole of Western Europe.

5. The deepening of relations between the Community and each of the EFTA countries, which have stated that they are in favour of the development of cooperation with the Community "in varying degrees of intensity" (see point 4 of the Declaration issued at the end of the Vienna Conference), calls for a thorough technical and political examination of the various areas of mutual interest where such cooperation is feasible.

In the case of trade, such an examination could be carried out fruitfully in the next few months, against the background of the Multilateral Trade Negotiations and the new applications for accession.

6. The Declaration issued at the end of the Vienna Conference of 13 May 1977 referred, moreover, to the EFTA countries' concern that the advantages deriving from free trade should not be jeopardized as a result of diverging economic developments and policies (see Declaration, Point 4).

In this context the Community could examine ways of cooperating more closely with the EFTA countries through the exchange of information on medium-term economic policy, in particular in the fields of economic forecasting and monetary policy.

7. A study should also be made of possible ways of deepening relations with the EFTA countries in certain fields, notably by further facilitating the free movement of industrial products.

It should be stated that the wishes expressed by the EFTA countries include a desire to see the rules of origin contained in Protocol No 3 to the Agreements improved and the process of removing technical barriers to trade speeded up.

Where these problems are concerned, the Community will have to ensure that the homogeneity of its commercial policy vis-à-vis non-member countries is maintained.

8. There would be scope for closer cooperation with the EFTA countries in the search for solutions of problems of mutual concern in industry.

In this field, mutual interest requires that efforts be made both to avoid protectionist solutions and to face up to the problems of market rationalization in a number of sectors that are experiencing serious difficulties, account also being taken of unemployment problems, and of the respective aids.

Certain EFTA and Community countries attach importance to problems - namely access to public contracts on both sides and export restrictions - which have not yet been examined in the context of preferential relations between the Community and the EFTA countries concerned.

9. Cooperation between the Community and the EFTA countries has already been intensified in certain areas, such as the environmental and transport fields.

With regard to environmental matters, a number of exchanges of information have taken place between the Commission's departments and those EFTA countries which have so far requested them, the criterion of mutual interest being invariably observed. The detailed arrangements for such exchanges of information were laid down in exchanges of letters signed with Switzerland (12 December 1975), Sweden (9 March 1978) and Austria (28 April 1978). There have also been contacts at a technical level with Norway.

In the transport field a distinction must be made between the countries that are "land-locked" by the Community and linked very closely from the transit angle, namely Austria and Switzerland, and the Nordic countries (Norway, Sweden), for which sea transport is of particular importance.

Increased cooperation with the former might prove useful, particularly with a view to achieving some degree of coordination between the respective transport policies and making them more complementary to one another. Such cooperation might be concerned with problems of common interest in the fields of transport by road, rail and inland waterway and transport infrastructure.

In the case of Nordic countries, exchanges of information not only meet the need to understand the respective policies better, but also make it possible to coordinate them in the mutual interest vis-à-vis other

countries (e.g. Eastern-bloc countries in this case) and within the framework of multilateral organizations (e.g. UNCTAD).

10. In the field of scientific and technical research, cooperation is already well established in multilateral forums such as COST, in which the Community and the EFTA countries are represented along with other Western European countries.

With regard to development aid, there is informal and pragmatic cooperation in the form of bilateral exchanges of information (e.g. Sweden, Norway) and discussions within multilateral frameworks (North-South Dialogue, UNCTAD).

Working methods

11. Cooperation with the EFTA countries in "varying degrees of intensity" - as called for by those countries in the Declaration issued at the end of the Vienna Conference of 13 May 1977 - already exists and could develop further at three separate levels :

- (1) informal and pragmatic contacts with the EEC Commission;
- (2) the framing of Community positions by the relevant Council working parties;
- (3) the negotiation of actual agreements, for which the Commission has to be given negotiating directives by the Council.

The arrangements concluded with the EFTA countries concerning trade in iron and steel products are an example of cooperation through negotiation. In addition, the Commission's departments and the EFTA Secretariat-General normally meet twice yearly at the technical level. There are also meetings held at similar intervals between representatives of the Economic and Social Committee's Section for External Relations and representatives of business and labour of the EFTA member countries.

CONCLUSIONS

12. The Commission proposes that the Council :
- (i) in the sphere of relations between the Community and the EFTA countries, indicate its agreement as regards the desirability of improving and extending the scope of the technical operation of the Agreements in any areas where this is necessary;

- (ii) approve the principles and methods of cooperation outside the fields covered by the free trade Agreements, in the mutual interest of Contracting Parties.

The Commission undertakes to inform the Council of the results of such cooperation.

